

Item No.	Classification: Open	Date: 21 January 2013	Meeting Name: Deputy Leader and Cabinet Member for Housing Management
Report title:		Hidden Homes – incorporation into the Direct Delivery Programme	
Ward(s) or groups affected:		All wards	
From:		Chief Executive	

RECOMMENDATION(S)

1. That the Deputy Leader and Cabinet Member for Housing Management agree a change of direction in the approach to the Hidden Homes Programme as outlined in paragraph 20.
2. That an additional allocation of £105,000 from the Housing Investment Programme (HIP) is agreed and funding from the Affordable Housing Fund is sought to deliver future Hidden Homes sites, subject to approval from Planning Committee.

BACKGROUND INFORMATION

3. The initial phase of the Hidden Homes Programme is aimed at creating new homes from vacant or underused spaces in existing housing blocks. In the longer term this approach was to be rolled out to include developing new build housing on estates with land capacity.
4. This strategy was initially approved by the Executive in March 2009 in response to recommendations set out in a report entitled Capital Income Generation for the HIP and Hidden Homes. It was agreed that the programme would be funded initially from the HIP (HIP), and in part capital receipts obtained from the sale of void properties.
5. The programme was subsequently reviewed by cabinet in May 2011 alongside the Void Disposal Strategy as a result of the decision taken to part fund it from that source. This confirmed the continuation of the programme and the approach adopted to date subject to officers exploring the potential for the programme becoming self financing in the future.
6. As a result of the Hidden Homes programme several family sized units in existing housing blocks have been created for letting to housing applicants. To date ten new homes have been delivered ranging from 2 to 5 bed roomed properties, including 2 x 3 bed fully wheelchair accessible units.
7. A further 10 properties are currently being progressed for completion in early 2013. In October 2012, works began on sites across the borough to deliver 7 new homes; an additional 3 units are planned on the Dickens Estate in conjunction with the major works programme to three of the existing blocks.

8. A further 15 units are also being assessed for viability, which depending on the outcome will be incorporated into the programme accordingly. Under current approach, it is expected that some of these would be housing for sale.
9. The allocation of funds from the HIP for Hidden Homes per annum is £300,000. A total of £2,388,000 has been spent or committed to the programme to date excluding the 15 units at approval stage outlined above.
10. All of these new units contribute to meeting the council's target of building 1,000 new homes delivered as part of the Direct Delivery Programme.
11. Land capacity sites on estates identified for new build development in Phase 2 of the Hidden Homes programme are now more suited to be progressed through the council's Direct Delivery Programme. The cabinet report of 23 October 2012 exemplified these types of sites as potential locations for direct delivery.

KEY ISSUES FOR CONSIDERATION

12. Since the May 2011 review, consideration has been given as to how the programme could become self financing whilst maintaining the principal aims of the scheme. The logical approach was to consider the sale of a number of the new units created by applying the criteria adopted as per the voids disposal strategy. This would entail the disposal of new units depending on floor level and potential receipt value. Given the nature of the programme; it was considered practical that another exception to this proposal should be spaces which would allow for a large family home to be created i.e. a 3 bed or larger or the provision of a large fully accessible wheelchair unit.
13. Based on the above, 8 properties currently in development or in the pipeline meet these criteria and could be considered for disposal to generate funding. These are mainly conversions within loft spaces or drying rooms, located on the Glebe Estate, Dickens Estate and Balin House which will provide 1, 2 and 3 bed accommodation and are all located above the 3rd floor.
14. In order to determine the financial viability of these disposals versus retention a report was provided by the council's property officers, which considered the potential rental stream, potential capital receipt and outgoings in terms of future maintenance of each property. The report revealed that it would be more advantageous to the council to sell than to keep most of these properties particularly those located in the north of the borough. Overall the potential receipt from the disposal of these 8 properties was estimated at approx £1million.
15. Officers based in the Housing options team were also consulted about the potential for re-letting these units given the access floor level. In their view the letting of these properties would not be too problematic given the number of applicants on the housing register, although a household with young children occupying a 3 bed at height could be an issue. However, it should be noted that these properties would be offered through Homesearch, and therefore would be subject to choice by applicants.
16. The issues above present the need for a decision about the future direction of the programme in financial and supply terms.

17. At present the Hidden Homes programme is funded through the HIP, which itself is supplemented by capital receipts from void sales. The sale of 8 new units provides the opportunity to raise capital of approx £1million for the programme from another source.
18. Alternatively funding for the construction phase of the programme could be obtained from the affordable housing fund (AHF) as new affordable homes will be delivered. This would work towards meeting the councils target to deliver 1,000 new council homes, if the homes delivered are retained. The core strategy also requires that the council meets the minimum affordable housing target set to 2026.
19. The additional funding of £105,000 will be used to progress those of the 15 sites outlined in paragraphs 8 & 9 deemed suitable for inclusion in the programme following the conclusion of a viability assessment. The approach to this would be to complete feasibility, design and cost assessments with initial funding from the HIP. Sites would then be packaged for delivery and the relevant application for approval of AHF sought from Planning Committee. If this approach is agreed this would require the retention of any of the units funded in this way as the AHF cannot be used to fund a property earmarked for sale.
20. The development and self financing principles of Hidden Homes are now replicated on a significantly large scale by the Direct Delivery programme aimed at delivering new affordable housing through the AHF. For example, the Core Strategy requires a minimum of 35% market homes to be developed on schemes of 10 units or more in the wards in the centre of the borough. This proposal therefore emphasises a change in direction for the Hidden Homes programme from self financing and the potential need to dispose of units to achieve this, towards the funding of the build element of the programme from the AHF and the retention of all the residential units created irrespective of bed size or height.

Policy implications

21. Two of the council's housing objectives are to improve the quality of existing housing and to use it more efficiently. The Hidden Homes Programme provides the opportunity to meet both of these priorities as the programme delivers homes which will meet the decent homes standards and utilises otherwise vacant or redundant spaces in housing blocks to achieve this.
22. Units delivered through the programme would also contribute towards the council's current target to build 1,000 new homes by 2020.

Community impact statement

23. The proposals outlined in this report would be a positive outcome for all tenants or potential housing applicants as it allows for the delivery of new affordable homes for re-housing.
24. The Hidden Homes Programme is a borough wide initiative which is mainly driven by the availability and identification of suitable convertible spaces for future residential use and is therefore not discriminatory by design. Where possible each space is considered for the provision of a fully wheelchair accessible housing unit, which is determined based on size and accessibility of the space available. All of the homes produced through the programme will be made

available to applicants on the housing register based on need and subject to that household meeting the necessary allocation criteria. This approach provides equal opportunity to all housing applicants in terms of access and advancement.

25. The Direct Delivery programme is driven by many of the same principles; the provision of new affordable homes, built to a high standard which will be accessible to a range of households.

Investment implications (inv/ii2647/09January2013/rjb)

26. The Investment Programme Group (IPG) approved an initial budget of £100,000 to initiate the hidden homes programme in 2010 and cabinet approved a further £300,000 per year as part of the 5-year HIP. These resources totaling £1.9million for 2010/11-2013/14 have now been spent or committed along with £480,000 GLA grant funding for properties in the programme. This report seeks an additional £105,000 to work up further schemes which it is intended will utilise £200,000 of AHF funding subject to its release by Planning Committee. IPG and the Housing Investment Board have agreed this allocation subject to member approval. There are sufficient uncommitted resources available within the HIP to meet the proposed expenditure.

Consultation

27. Extensive consultation with tenants and homeowners was carried out in relation to the programme prior to consideration by the Executive in 2009, following this consultation has continued with individual tenant and resident associations on the estates or blocks affected by the proposals. This will approach to consultation will continue in future. Where a new property is being developed in conjunction with the Housing Major Works team via their warm, dry and safe programme then consultation with residents will be incorporated into that process.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

28. The report recommends a change of direction in the approach to the hidden homes programme. As the programme progresses the council will need to consult with residents who are likely to be substantially affected by issues of housing management arising where they represent a new programme of maintenance, improvement or demolition or a change in policy or policy of the authority. To meet legal requirements consultation must be undertaken when proposals are still at a formative stage; it must include sufficient reasons for the proposals to allow interested parties the opportunity to consider the proposal and formulate a response; it must allow adequate time for interested parties to consider proposals and formulate their response and the outcome of consultation must be conscientiously taken into account when the ultimate decisions is taken. The report summaries, at paragraph 27, the consultation carried out prior to commencement of the programme and the council's approach to future consultation.
29. The public sector Equality Duty, in section 149 of the Equality Act 2010, requires the council to consider all individuals when carrying out their functions. It requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people when

carrying out their activities. Officers will need to bear the duty in mind as the programme progresses during the consultation process and when formulating recommendations for final decision making; the decision maker must have due regard to the duty when taking decisions throughout delivery of the programme.

Strategic Director of Finance and Corporate Services

30. The strategic director notes the recommendations in this report. This report confirms that there are sufficient uncommitted resources available within the HIP for the expenditure.

Head of Specialist Housing Services

31. The creation of new properties within blocks via the Hidden Homes programme is not service chargeable to leaseholders and therefore no statutory consultation is required. However the addition of new units within blocks will have an impact on the service charges, so Home Ownership Services must be informed of the size of the units and the date that they are completed, so that the systems can be amended to reflect the changes.
32. This report makes a link between the Hidden Homes programme and the Affordable Housing Fund & 1000 new council homes pledge. It is understood that the considerations for potential void disposals, particularly those on shared ownership terms and noted in paragraphs 32-33, 37, 55-56, 68 and 87 of the 23 October 2012 cabinet decision on Direct Delivery will therefore also apply to potential void disposals proposed in this report. This is of particular importance where hidden homes identified are considered un-suitable for letting.
33. The Hidden Homes programme may result in leaseholders in the affected block, or on the estate the block is situated, claiming the council is derogating from grant. The relevant test to be applied when assessing derogation from grant is whether the council are making leasehold premises in the block or on the estate "unfit or materially less fit to be used for the particular purpose for which the demise was made'. Therefore, when assessing sites for the Hidden Homes programme, regard should be had to the impact on existing leaseholders in the affected block and on the estate. Consultation should be carried out with leaseholders prior to commencing works so concerns can be raised and, when necessary, alternative arrangements put in place to alleviate these concerns.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
N/A	N/A	

APPENDICES

No.	Title
Appendix	None

AUDIT TRAIL

Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Sonia Esnard, Acting Principal Asset Management Officer	
Version	Final	
Dated	21 January 2013	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Head of Specialist Housing Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	21 January 2013	